

NHS Greater Glasgow and Clyde	Paper No. 24/121
Meeting:	NHSGGC Board Meeting
Meeting Date:	29 October 2024
Title:	Finance Report
Sponsoring Director:	Colin Neil, Director of Finance
Report Author:	Fiona McEwan, Assistant Director of Finance- Financial Planning & Performance

1. Purpose

The purpose of this report is to: The purpose of this report is to provide the Board with the monthly finance position as at 31st August 2024, including the position of the Sustainability and Value and Capital Programme for 2024/25

The format of the report covers;

- i) The Month 5 Revenue position (pages 3-4)
- ii) The Month 5 Sustainability and Value position for 24/25 (pages 5-8)
- iii) The Month 5 Capital position (pages 9-11)
- iv) 2024/25 year end position (pages 12-13)
- v) Conclusion (pages 14-15)

2. Executive Summary

The paper can be summarised as follows:

Month 5 Position 2024/25

At the 31st August 2024 NHSGGC's financial ledger highlights an overspend of £43.57m of which £28.22m is attributed to unachieved savings and a pay and non-pay overspend of £15.35m. Acute is overspent by £16.74m and Corporate areas are overspent by £0.26m for pay and non-pay. Partnerships has a pay and non-pay underspend of £1.65m. An improvement in the run rate can be seen in Month 5 when compared to last month, particularly around the nursing pays position.

Sustainability and Value

In terms of Sustainability and Value, £28.8m has been achieved on a full year recurring basis. On an in year basis (recurring and non-recurring) £147.6m has been achieved. As at month 5 there are forecast pipeline savings of £157m against the £226.9m challenge, with £48.8m identified on a recurring basis.

Capital Expenditure

Total capital expenditure incurred to 31st August 2024 is £14.9m, this amounts to 26% of the current capital budget (of £58.5m) leaving a balance of £43.6m to be incurred to the 31st of March 2025. At month 5, £35.8m (61%) of the total capital allocation has firm orders or incurred spend which is in line with expectations for the start of the year. There is £0.8m of the budget still available to be allocated against capital projects and this will be progressed through the normal governance.

2024/25 Year End Forecast Position

The overall financial challenge for the Board in this financial year is £226.9m. This is based on a recurring deficit carried forward from 2023/24 of £138.9m. The Financial Plan requires recurring savings of £128.6m and non-recurring savings relief of £50.0m to derive the deficit outlined in the approved finance plan of £48.3m.

The forecast has been reviewed and based on the month 5 position there is **no change** to the forecast deficit of **£48.3m**, however NHSGGC is now expected to meet this forecast deficit which is an improvement on the prior month. This is mainly attributable to an improvement in the run rate at month 5 and the receipt of a historical VAT reclaim of £6m which had not been anticipated.

Sectors and directorates remain to identify the initial 50% of their savings target as it stands at Month 5 and this is providing a significant financial challenge as this had been targeted to be achieved by the end of quarter one. It is extremely important that there is an improvement in the value of savings plans over the coming months and that SRO's progress the overarching workstreams and that the agreed CMT actions from September 2024 are delivered. This combined with actions to reduce the pressures that have been highlighted in this report will be fundamental to reducing the forecast deficit noted above.

Collective focus continues to be required to reduce this deficit and achieve the savings required, with continued emphasis on reducing pressures and costs in order to improve the overall position.

3. Recommendations

The Board is asked to consider the following recommendations:

- i) Note the revenue position at month 5
- ii) Note the Month 5 position for Sustainability and Value and progress for 24/25
- iii) Note the capital position at Month 5; and
- iv) Note the 2024/25 position.

4. Response Required

This paper is presented for assurance.

5. Impact Assessment

The impact of this paper on NHSGGC's corporate aims, approach to equality and diversity and environmental impact are assessed as follows:

- | | |
|------------------------|------------------------|
| • Better Health | <u>Positive</u> impact |
| • Better Care | <u>Positive</u> impact |
| • Better Value | <u>Positive</u> impact |
| • Better Workplace | <u>Positive</u> impact |
| • Equality & Diversity | <u>Positive</u> impact |
| • Environment | <u>Positive</u> impact |

6. Engagement & Communications

The issues addressed in this paper were subject to the following engagement and communications activity:

This report has been previously presented and scrutinised by the Corporate Management Team and the Finance, Planning and Performance Committee.

7. Governance Route

This paper has been previously considered by the following groups as part of its development:

As above.

8. Date Prepared & Issued

Prepared: 10 October 2024

Issued: 22 October 2024

NHSGGC- Month 5 Finance Report

Board Meeting

October 2024



Purpose and Format

The purpose of this report is to provide the Board with the monthly finance position, including the position of the Sustainability and Value and Capital Programmes for 2024/25

The format of the report covers;

- i) The Month 5 Revenue position (pages 3-4)
- ii) The Month 5 Sustainability and Value position for 24/25 (pages 5-8)
- iii) The Month 5 Capital position (pages 9-11)
- iv) 2024/25 year end position (pages 12-13)
- v) Conclusion (pages 14-15)

Members are asked to ;

- i) Note the Month 5 revenue position
- ii) Note the Month 5 position for Sustainability and Value and progress for 24/25
- iii) Note the capital position at Month 5; and
- iv) Note the 2024/25 position.

Month 5 Revenue Position

Month 5 - Overall Position

Financial Performance – Month 5

This section of the report provides analysis of the financial position as at 31st August 2024.

Area	Annual Budget	Pays, Non Pays Position	Unachieved Savings	Final Reported Position	% of Annual Budget
	£m	£m	£m	£m	%
Acute	1,950.28	(16.74)	(24.37)	(41.11)	(2.1%)
Partnerships	1,636.56	1.65	(1.65)	(0.00)	(0.0%)
Corporate Departments	701.33	(0.26)	(2.21)	(2.47)	(0.4%)
Financial Position at 31st August 2024	4,288.17	(15.35)	(28.22)	(43.57)	(1.0%)

As outlined above, NHSGGC recorded a deficit of £43.57m at 31st August 2024. (Month 4 reported a deficit of £45.04m this was against an annual budget of c£4.3 billion).

The deficit is made up of the following:-

- Pay and non-pay overspend of £15.35m. Acute is overspent by £16.74m and Corporate areas are overspent by £0.26m. Partnerships has a pay and non pay underspend of £1.65m
- Unachieved savings at month 5 amount to £28.22m.

There is a notable improvement in the run rate for month 5 in comparison to the prior month particularly in relation to nursing spend.

Sustainability and Value

Sustainability and Value Programme

Month 5 Position

The position as of Month 5, against the overall financial challenge of £226.9m, is that £147.6m / 65% has been achieved on an in-year (recurring and non-recurring) basis. On a recurring basis £28.8m /22% has been achieved against the £128.6m savings target. This shows growth of £13.8m on an in-year basis and £5.4m on a recurring basis compared to Month 4.

Table 1 below shows the areas of savings achieved as of Month 5.

Area	CYE Target £m	CYE £m	% achieved %	CYE Gap £m	FYE Target £m	FYE £m	% achieved %	FYE Gap £m
Acute	69.2	7.0	10%	(62.2)	69.2	4.2	6%	(65.0)
Corporate	25.3	15.1	60%	(10.2)	25.3	7.3	29%	(18.0)
	94.5	22.1	23%	(72.4)	94.5	11.5	12%	(83.0)
Financial Plan	132.4	125.4	95%	(7.0)	34.1	17.2	51%	(16.8)
Total	226.9	147.6	65%	(79.4)	128.6	28.8	22%	(99.8)

The largest amount of savings achieved can be seen from the Financial plan and this is predominantly due to non recurring underspends, relief and carry forward of the consequential income from 2023/24. Of the above figures the sectors and directorates have delivered £11.5m on a FYE and £22.1m on a CYE.

Sustainability and Value Programme

2024/25 Forecast Position

Table 2 below shows the current Month 5 S&V confirmed pipeline for sectors and directorates against their allocated 2024/25 targets. As of Month 5 the total targeted level of savings to date noted below is £157.0m (69.2%) CYE (Recurring and non-recurring) against the overall £226.9m financial challenge, and £48.8m (38%) FYE against the recurring target of £128.6m.

This is based on full delivery of the current pipeline of projects and further illustrates the need for further growth in our plans. It should be noted that within these plans a significant number of projects have yet to commence savings, or are not achieving savings at the planned levels and around £7m is considered at high risk at this stage.

Table 2 Month 5 Forecast

Area	CYE Target £m	CYE £m	CYE Gap £m	FYE Target £m	FYE £m	FYE Gap £m
Acute	69.2	14.0	(55.3)	69.2	19.7	(49.5)
Corporate	25.3	17.6	(7.7)	25.3	11.9	(13.4)
	94.5	31.6	(62.9)	94.5	31.6	(62.9)
Financial Plan	132.4	125.4	(7.0)	34.1	17.2	(16.8)
Total	226.9	157.0	(69.9)	128.6	48.8	(79.8)
% achieved		69.2%			38.0%	

The SRO led work streams, which include areas such as physical infrastructure, workforce, non pay, digital, service reviews and efficiency and productivity, have identified further savings opportunities of £9.0m CYE and £34.1m FYE. It is imperative that these work streams deliver further savings to ensure our forecast position is expanded. This has been escalated to all SRO's and remains an area of focus. Given the remaining timeline of the financial year, there is a high risk that not all for the schemes will deliver in the current year, however it remains important that delivery is achieved and any phasing required is also reflected into 2025/26 plans.

Sustainability and Value Programme

S&V Summary

The rate of achieved savings, as well as the expansion of the wider savings pipeline, needs to improve significantly. Our current savings plan does not provide a clear path to a balanced financial position.

The requirement for the SRO workstreams to convert the planned savings into confirmed projects that are delivering savings remains an area of focus, as does further growth in the wider savings pipeline.

The Corporate Management Team have approved a range of accelerated and prioritised actions that are focused on both addressing the need for growth in our savings plan and the wider need for reduced expenditure. It is important that the timeframes agreed on the 5th of September are adhered to and all actions are completed.

These actions as well as the wider programme will be monitored over the coming weeks via the S&V Board.

Capital Position



Capital Position

Capital Expenditure – Month 5 - August 2024

- Total Gross Capital Expenditure to date : £14.9m (26% of plan)
 - Annual Capital Budget at 31/08/24 : £58.5m
 - Balance of Budgeted Cap. Ex. to be incurred : £43.6m
 - Total Expenditure Committed : £35.8m (61%)
 - Uncommitted Budget : £22.7m (39%)
- Committed [Expenditure incurred + Orders placed]
 - Uncommitted Budget incorporates agreed schemes approved but not yet started, as well as the unallocated level noted below

Total gross capital expenditure incurred to 31st August 2024 is £14.9m amounting to 26% of the annual plan (of £58.5m). This leaves a balance of £43.6m of expenditure to be incurred by 31st March 2025.

£35.8m of the planned expenditure has been committed to date (Goods or services ordered or received) leaving an uncommitted budget balance of £22.7m

£0.8m of budget unallocated (Currently incorporates planned Dykebar sale at nbv of £0.7m)

Capital Position

Capital Expenditure – to 31st August 2024 : £14.9m

Main areas of Expenditure as below:

- £3.1m : New build : Glasgow North East Health & Social Care Centre.
- £1.5m : New build : Bishopton Health Centre

- £4.3m of expenditure has been incurred on hospital site based schemes as below.
 - QEUH : Phase 3 : Waste hold doors replacement programme
 - QEUH : Completion of Children's Roof Terrace
 - QEUH : Rectifications: Atrium
 - GRI : Completion of Theatre C upgrade
 - Gartnavel : Radionuclide Dispensary relocation

- £0.3m : eHealth
- £1.3m : Medical Equipment
- £0.3m : PCIP Works to Glasgow Health Centres
- £0.7m : Minor Works & Energy Schemes
- £3.1m : Radiotherapy Equipment Replacement Programme
- £0.1m : Ligature risk reduction works
- £0.2m : Other

2024/25 Position

2024/25 Position

The 3 year financial plan was approved by the Board on the 30th of April 2024. The financial plan highlights a deficit of £48.3m for 2024/25 and a deficit of £37.9m and £7.2m for the subsequent years.

The overall financial challenge for NHSGGC in this financial year is £226.9m. This is based on a recurring deficit carried forward from 2023/24 of £138.9m. The assumption is that recurring savings of £128.6m will be achieved in 2024/25 and there will be non-recurring relief of £50.0m available which would result in the deficit of £48.3m.

2024/25 is another challenging year, given the number of priorities NHSGGC is facing with unscheduled care, planned care and the underlying financial position. It is going to require collective focus to reduce this deficit and achieve the savings required, with continued emphasis on reducing pressures and costs in order to improve the overall position.

The forecast has been reviewed and based on the month 5 position there is **no change** to the forecast deficit of **£48.3m**, however NHSGGC is now expected to meet this forecast deficit which is an improvement on the prior month. This is mainly attributable to an improvement in the run rate at month 5 and the receipt of a historical VAT reclaim of £6m which had not been anticipated.

Not all sectors and directorates have identified 50% of their savings target and as a result NHSGGC is still facing a significant financial gap. It is extremely important that there is an improvement in the value of savings plans over the next quarter and that SRO's progress the overarching workstreams, combined with actions to reduce the pressures that have been highlighted in this report.

The IJB's all have approved financial plans showing a break-even position, however are facing a number of pressures and high value of savings plans. The monitoring and review of this position will remain in place throughout the financial year with close interaction between the Health Board and respective IJBs.

Conclusion

Conclusion

At the 31st August 2024 NHSGGC's financial ledger highlights an overspend of £43.57m of which £28.22m is attributed to unachieved savings and a pay and non-pay overspend of £15.35m. Acute is overspent by £16.74m and Corporate areas are overspent by £0.26m for pay and non-pay. Partnerships has a pay and non pay underspend of £1.65m.

The NHSGGC is still facing a number of pressures at Month 5 , every effort needs to be made to reduce these pressures going forward to ensure the forecast deficit of £48.3m is achieved or improved

In terms of Sustainability and Value, £28.8m has been achieved on a full year recurring basis. On an in year basis (recurring and non-recurring) £147.6m has been achieved. As at month 5 there are forecast pipeline savings of £157m against the £226.9m challenge, with £48.8m identified on a recurring basis.

The pace of both delivery and identification of savings will have to increase rapidly if NHSGGC's targets are to be achieved.

Total capital expenditure incurred to 31st August 2024 is £14.9m, this amounts to 26% of the capital budget (of £58.5m) leaving a balance of £43.6m to be incurred to the 31st of March 2025. At month 5, £35.8m (61%) of the total capital allocation has firm orders or incurred spend which is in line with expectations for the start of the year. There is £0.8m of the budget still available to be allocated against capital projects and this will be progressed through the normal governance.

We need to ensure that financial controls are adhered to, to maintain spend within budget and mitigate current pressures in order to address the financial challenge we are currently facing.

In summary, Members are asked to :

- i) Note the revenue position at month 5
- ii) Note the Month 5 position for Sustainability and Value and progress for 24/25
- iii) Note the capital position at Month 5; and
- iv) Note the 2024/25 position.